

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 330 – SB 994

March 27, 2013

SUMMARY OF ORIGINAL BILL: Requires the Governor to include an allocation of state tax revenue to the Reserve for Revenue Fluctuations (the Rainy Day Fund), equal to ten percent of the estimated growth in state tax revenue to be allocated to the General Fund and to the Education Trust Fund, in the proposed budget to continue until the balance of the Rainy Day Fund has reached ten percent, rather than five percent, of the estimated state tax revenue to be allocated to the General Fund and the Education Trust Fund for that year.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – An unknown shift of funds that would be available for the general purposes of state government in one year, to the Rainy Day Fund, where funds are held for the general purposes of state government for future years. Any shift of funds is dependent upon the balance of the Rainy Day Fund each year.

SUMMARY OF AMENDMENT (005751): Deletes Section 1 of the original bill and replaces it with new language requiring the Governor to include an allocation of state tax revenue to the Reserve for Revenue Fluctuations (the Rainy Day Fund), equal to eight percent of the estimated growth in state tax revenue to be allocated to the General Fund and to the Education Trust Fund, in the proposed budget to continue until the balance of the Rainy Day Fund has reached ten percent of the estimated state tax revenue to be allocated to the General Fund and the Education Trust Fund for that year.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- The fiscal impact of this bill is dependent upon the balance of the Rainy Day Fund each year.

- In years the balance of the Rainy Day Fund exceeds eight percent of the estimated state tax revenue to be allocated to the General Fund and the Education Trust Fund for that year, the fiscal impact of this bill is not significant.
- In years the balance of the Rainy Day Fund is less than eight percent of the estimated state tax revenue to be allocated to the General Fund and the Education Trust Fund for that year, the fiscal impact of this bill is a shift of revenue available for the general purposes of state government in one year to the Rainy Day Fund, where funds are held for the general purposes of state government for future years.
- The Governors' FY13-14 proposed budget includes \$100,000,000 for the Rainy Day Fund.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" and last name "Geise" clearly distinguishable.

Lucian D. Geise, Executive Director

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